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SAPC-7247
Copy 1 of 1

Letter Contract No. BC-200

Hycon Manufacturing Company
Pasadena, California

25X1

Attention: Vice-President

Gentlemen:

1. An order is hereby placed with you to furnish to the Government the equipment, supplies and services described in more particular detail in Exhibit A, attached hereto and hereby designated as a part of this Letter Contract.

2. Except as otherwise expressly provided to the contrary herein, you are directed, upon your acceptance of this order, to proceed immediately to procure the necessary materials and to commence the manufacture of the supplies or performance of the services called for herein and to pursue such work with all diligence to the end that the supplies may be delivered or the services performed in accordance with the time schedules set forth in Exhibit A. Any circumstances which may indicate the necessity to extend such time schedules must be brought immediately to the attention of the Government.

3. By your acceptance hereof you agree to undertake as soon as feasible the negotiation of a definitive contract for the equipment, supplies and services called for herein. Preparatory to such negotiations you agree to submit a detailed estimated cost breakdown in connection with the manufacture of such equipments and supplies and the furnishing of such services, indicating all elements of cost (direct and indirect) and profit included therein. It is contemplated that the definitive contract to be negotiated will be of a redeterminable fixed price contract, Form IV type, the terms and conditions of which may or may not be at variance with the provisions of this order. It is expected that we can reach agreement on such a definitive redeterminable fixed price type contract by approximately 1 August 1956. The failure of either party to do so by that date will not in any way effect performance hereunder.

4. You are not authorized to expend or obligate in furtherance of your performance hereunder more than $1,540,000 in the aggregate. The definitive contract to be negotiated will indicate the maximum price for delivery of the equipment, supplies and services contracted for therein.

5. Title to all Government-furnished property shall remain in the Government and shall be so identified while in possession of the Contractor, as directed by the Contracting Officer.

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6. Pending the execution of a definitive contract, any termination by the Government will be governed by the standard termination provisions of the Armed Services Procurement Regulations, as modified by security requirements and the particular circumstances of this order.

7. Progress payments will be made as the work progresses, upon the presentation of invoices showing the costs incurred and chargeable to this Letter Contract. Such invoices shall not be presented more frequently than once each month, unless more frequent presentation is approved by the Contracting Officer. Such progress payments shall be made to the extent of ninety percent of the amount of such invoices. The aggregate amount of progress payments made to you hereunder shall not exceed $1,386,000 . If the Government shall make any progress payments to you hereunder, the title to all materials, parts, assemblies, subassemblies, supplies, equipment, and other property, theretofore or thereafter purchased, constructed, or otherwise acquired by you for the performance of this Letter Contract, shall automatically pass to and vest in the Government. Such passage and vesting of title shall neither impair any rights of the Government hereunder, nor relieve you of any of your obligations nor deprive you of any of your rights hereunder.

8. It is contemplated that this order will be governed by standard clauses utilized in other contracts between your company and the Government. Public policy provisions required by law, regulation, or executive order will similarly apply.

9. You will provide a complete system of inspection of all materials, fabrication methods and finished parts in accordance with requirements of the Government.

10. All costs which have been incurred by you in anticipation of this Letter Contract prior to its signing and which are directly attributable to performance of the work called for herein, which if incurred after signing of this Letter Contract would have been considered allowable items of cost under this contract, shall be considered as allowable items of cost under this Letter Contract.

11. You have been made aware of the security restrictions in connection with this contract and you are hereby directed to conform to the directions given to you in this regard. In the event of any problems which arise in this area you are to immediately contact the Contracting Officer or his duly authorized security representative.

12. If you agree to the terms of this Letter Contract please execute the original and two copies of this Letter Contract and return

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the original and one copy to the undersigned. One copy may be retained in your files under such security conditions as the Government may impose. Copies of this Letter Contract will not be made without the Government's permission.

THE UNITED STATES OF AMERICA

25X1

By_____

Authorized Contracting Officer

ACCEPTED FOR
HYCON MANUFACTURING COMPANY
PASADENA, CALIFORNIA

25X1

By_____

Title Executive Vice President

29 June 56

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Letter Contract No. BC-200

EXHIBIT A

A. CONTRACT WORK

1. SCHEDULE 1 (AQUATONE)

a. The Contractor shall manufacture and deliver to the Government eight (8) cameras known as "B" Type Cameras and more fully identified and described in technical specifications in possession of the Contractor and the Government.

b. The Contractor shall furnish associated equipments and spare parts for the above cameras. The Contractor shall consult with the Contracting Officer as to what associated equipments and spare parts, and quantities of each, are desired by the Government prior to initiating production of these items.

2. SCHEDULE 2 (Air Force)

a. The Contractor shall manufacture and deliver to the Government three (3) cameras known as "B" Type Cameras and more fully identified and described in technical specifications in possession of the Contractor and the Government.

b. The Contractor shall manufacture and deliver to the Government three (3) cameras known as "A-2" Type Cameras and more fully identified and described in technical specifications in possession of the Contractor and the Government.

c. The Contractor shall furnish associated equipments and spare parts for the above cameras, including ground handling and test equipment, special tools, for the six cameras set forth in this Schedule 2. The Contractor shall consult with the Contracting Officer as to what associated equipments and spare parts, and quantities of each, are desired by the Government prior to initiating production of these items.

d. The Contractor shall provide instruction handbooks in connection with the cameras set forth in this Schedule 2.

B. DELIVERY

The Contractor is advised that expeditious delivery of the items set forth herein is required and the Contractor shall exert its best efforts to complete and deliver all items at the earliest possible date and within delivery schedules made known to the Contractor. The Contractor is directed to review his production schedule and to submit to the Contracting Officer as soon as possible a realistic delivery schedule indicating delivery target dates for each major item set forth in this Letter Contract. The Contractor agrees to keep the

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Contracting Officer informed by periodic reports of the status of production of such items and to report promptly any anticipated slippage in deliveries.

C. INSPECTION AND ACCEPTANCE

An inspection and acceptance procedure shall be agreed to between the Contractor and the Government and shall be substantially the same as the procedures presently existing in the Contractor's plant in connection with other Government contracts.

D. GOVERNMENT-FURNISHED EQUIPMENT

The Government shall furnish to the Contractor from its stocks the basic equipment necessary to manufacture the three "A-2" type cameras. The Contractor shall account for and treat such equipment in accordance with standard procedures governing the utilization of Government furnished equipment and materiels.

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